

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

1010 RICHARDS STREET
P. O. BOX 3468
HONOLULU, HAWAII 96801

SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT ON

THE CASCADES AT KIHEI
(Formerly Kihei Nalu)
515 Kihei Road
Kihei, Maui, Hawaii

REGISTRATION NO. 1503

This Report Is Not an Approval or Disapproval of This Condominium Project

It was prepared as a supplement to an earlier Report dated _____ issued by the Real Estate Commission on the above project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: March 8, 1985
Expires: October 23, 1985

SPECIAL ATTENTION

A comprehensive reading of this report by the prospective purchase is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the prospective purchaser is particularly directed to the following:

THIS REPORT REFLECT INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED JUNE 4, 1982, AND ADDITIONAL INFORMATION SUBSEQUENTLY SUBMITTED AS OF FEBRUARY 26, 1985. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, AND SUBMITTING INFORMATION ON MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since issuance of the Commission's Preliminary Public Report of September 23, 1982 on THE CASCADES AT KIHEI (formerly Kihei Nalu), Registration No. 1503, the Developer reports that changes have been made in the plan

or setup as presented in the June 4, 1982 Notice of Intention to Sell. These changes relate to a new Developer for the project, a change in the project name from Kihei Nalu to The Cascades at Kihei and the appointment of a new escrow agent for the Project.

This Supplementary Public Report amends the Preliminary Public Report and is made a part of THE CASCADES AT KIHEI registration. The Developer has the responsibility of placing a true copy of this Supplementary Public Report (pink paper stock), the Preliminary Public Report (yellow paper stock) and the Amended Disclosure Abstract in the hands of each purchaser and prospective purchaser, and for securing a receipt therefor.

2. The Developer of the Project has filed all documents and materials deemed necessary by the Commission for the issuance of this Supplementary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have not yet been filed in the Bureau of Conveyances of the State of Hawaii.

4. Advertising and promotional matter has been filed pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6. The Developer has requested and the Commission has granted a further six month extension of the Preliminary Public Report, so the Supplementary Public Report automatically expires on October 23, 1985, unless a Final or another Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

The information in the topical headings, NAME OF PROJECT, DEVELOPER, DESCRIPTION OF PROJECT, COMMON ELEMENTS, OWNERSHIP OF TITLE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING and STATUS OF PROJECT has been altered as hereinafter provided. All other topical headings have not been disturbed.

NAME OF PROJECT: THE CASCADES AT KIHEI

DEVELOPER: The Cascades Development Co., a California joint venture, consisting of C. Chase Hoffman, Wale Development Corp., a California corporation and J. C. Markets, Inc., a California corporation, the principal place of business and post office address of which is 17752

Mitchell Street, Irvine, California 92714. Telephone No.
(714) 863-0322.

DESCRIPTION OF PROJECT: The different unit types are also identified by the following names:

Unit A	The Lagoon
Unit B	The Garden
Unit C-1	The Edgewater
Unit C-2	The Seacrest

COMMON ELEMENTS: The following paragraphs have been amended:

(c) All yards, grounds, landscaping and garden areas;

(d) All driveways, parking areas, loading areas and parking stall Nos. 53 to 66 for guest parking.

A new paragraph has also been added.

(g) The swimming pool and its appurtenant deck area.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called the "limited common elements", are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

One (1) parking space, which number is designated opposite the number of each of the respective apartments set forth in Exhibit "A" attached hereto.

OWNERSHIP OF TITLE: A Preliminary Title Report dated January 31, 1985, issued by Title Guaranty of Hawaii, Incorporated, discloses that the fee simple title to the property to be submitted to the regime is vested in Hawaiian Trust Company, Limited, as Trustee under a Land Trust Agreement dated February 29, 1984, the beneficiaries of which are C. Chase Hoffman (50%) and J. C. Markets, Inc. (50%). The Joint Venture Agreement of Developer submitted to the Commission provides that two of the Venturers, C. Chase Hoffman and J. C. Markets, Inc., are to contribute the fee simple interest in the project lands to the joint venture.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report dated January 31, 1985, issued by Title Guaranty of Hawaii, Incorporated provides that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing and a lien on the premises, reference is made to the Office of the Tax Assessor, Second Division.

2. Agreement dated May 22, 1979, recorded as aforesaid in Liber 13745, Page 675, by and between the County of Maui, Department of Water Supply, and G. C. Development Co., Inc. (applicant) re: conditions for approval of application for building permit of said Applicant.

3. Civil No. 7075 (Pending):

Plaintiff: CHARLES CHASE HOFFMAN and JOSEPH J. CATALANO (Attorney(s) - Bert T. Kobayashi, Jr., Wray H. Kondo and Stanford H. Nakamoto).

Defendant: WILLIAM L. LING, LING NALU PARTNERS, a limited partnership.

Filed: Circuit Court of the Second Circuit, State of Hawaii, on June 29, 1983.

Re: Breach of Limited Partnership Agreement and Assignment and Assumption of Agreement recorded in Liber 16148 at Page 45, etc.

4. Civil No. 85-099 (Pending):

Plaintiff: ARCHITECTS HAWAII LTD., a Hawaii corporation (Attorney(s) - Michael L. Biehl and Greg K. Noji).

Defendant: C. CHASE HOFFMAN.

Dated: January 7, 1985.

Filed: Circuit Court of the First Circuit, State of Hawaii, on January 8, 1985.

Re: Judgment against Defendant C. CHASE HOFFMAN in the sum of \$219,609.96 plus interest, etc.

5. Terms, conditions and provisions as set forth in that certain Trust Agreement dated February 29, 1984, creating Land Trust No. 89630.

PURCHASE MONEY HANDLING: All information under this topical heading in the Preliminary Public Report has been amended in its entirety. The Developer advises that it has charged escrow agents to Title Guaranty Escrow Services, Inc. A copy of the executed Escrow Agreement dated January 30, 1985, between Title Guaranty Escrow Services, Inc., as Escrow, and the Developer and a specimen copy of the Condominium Reservation Agreement, Deposit, Receipt and Contract have been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-40(6), and 514A-63, H.R.S. Among other provisions, the executed Escrow Agreement states that a purchaser

shall be entitled to a refund of his funds, and escrow shall pay said funds to said purchaser, without interest, and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred.

1. Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held under the Escrow Agreement by Escrow; or

2. If a purchaser's funds were obtained prior to the issuance of a Final Public Report and the purchaser's request is prior to the time the purchaser has receipted for or is deemed to have receipted for the Final Public Report and waived or is deemed to have waived his right to cancel in accord with Section 514A-62, Hawaii Revised Statutes, as amended; or

3. Except for any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the Declaration, the purchaser shall have the right to rescind a sale made under a binding contract (after issuance and receipt of the Final Public Report) if there is a material change in the Project which directly, substantially, and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use.

The purchaser's right of rescission shall be waived upon (1) delivery to such purchaser, either personally or by registered or certified mail, return receipt requested, of a disclosure document which describes the material change and contains a provision for such purchaser's written approval or acceptance of such change, and (2) such purchaser's written approval or acceptance of the material change, or the lapse of ninety (90) days since such purchaser has accepted the apartment, or the occupancy of the apartment by such purchaser; provided that if such purchaser does not rescind the contract or execute and return the written approval or acceptance of such change as provided in the disclosure document within thirty (30) days from the date of delivery of such disclosure document, such purchaser shall be deemed to have approved and accepted such change; provided further that the deemed approval and acceptance shall be effective only if at the time of delivery of the disclosure document, such purchaser is notified in writing of the fact that such purchaser will be deemed to have approved and accepted the change upon such purchaser's failure to act within the thirty (30) day period; provided further that if, prior to delivery of such disclosure document, ninety (90) days have lapsed since such purchaser has accepted the apartment, or such purchaser has occupied the apartment, then such purchaser's right of rescission shall not be waived unless such purchaser shall execute the written approval or acceptance of such change as provided in the

disclosure document within thirty (30) days from the date of delivery of such disclosure document or such purchaser is deemed to have approved and accepted such change as set forth above.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement before signing the Condominium Reservation Agreement since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's funds. Purchasers and prospective purchasers are advised to read with care the provisions of the Condominium Reservation Agreement. The Specimen Condominium Reservation Agreement specifically provides that the purchaser approves said Escrow Agreement, assumes the benefits and obligations therein provided, and agrees among other things to the following:

1. Late Charge. In the event any payment to be made by Purchaser thereunder is not made when due, Purchaser agrees that such late payment shall bear interest at the rate of one percent (1%) per month from its due date until paid in full.

2. Reservation Agreement.

(a) Notwithstanding any other provision of the Sales Contract to the contrary, it is expressly understood and agreed that if at the time of execution of the Agreement by the Purchaser and the Developer, a Final Public Report for the Project has not been issued by the Real Estate Commission of the State of Hawaii, the Agreement shall not be legally binding upon either the Purchaser or Developer. In such event, the Agreement shall constitute only a "reservation", and not a binding contract. Developer shall have no obligation to sell and Purchaser shall have no obligation to buy the apartment described in the Sales Contract above. The Agreement will not become a binding sales agreement unless and until: (i) a Final Public Report is issued on the Project; and (ii) Purchaser has receipted for or is deemed to have receipted for the Final Public Report and the Purchaser has waived or is deemed to have waived Purchaser's right to cancel as more particularly provided in Section 514A-62 of the Hawaii Revised Statutes. AS LONG AS THE AGREEMENT CONSTITUTES A RESERVATION, IT MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT CAUSE, AT THE OPTION OF EITHER PARTY, BY WRITTEN NOTICE OF SUCH TERMINATION TO THE OTHER PARTY. In the event of such termination, the Developer shall cause Escrow to refund all payments previously made by Purchaser without interest, and neither party shall have any other or further liability hereunder or with respect to the Project; provided that if Purchaser terminates the Agreement, then Escrow shall deduct from the refund to Purchaser the Escrow cancellation fee and all costs incurred by Developer, Escrow, or any lending institution in processing the Agreement or the loan application; if Developer terminates the Agreement, then Developer shall pay the Escrow cancellation fee.

(b) If the Agreement is entered into after the issuance of the Final Public Report on the Project, then the provisions of this paragraph shall be of no force or effect and the Agreement shall be a fully binding contract upon Purchaser and Developer upon acceptance of the Agreement by Developer as provided in paragraph F.22 of the Condominium Reservation Agreement.

3. No Present Transfer and Subordination to Construction Loan. The Sales Contract shall not be construed as a present transfer of any interest in the Property but rather it is an agreement to transfer in the future. Purchaser acknowledges that Developer shall enter into an agreement with an established lending institution (the "Lender") pursuant to which the Lender may loan an aggregate of up to \$10,000,000.00 at an interest rate not to exceed five percent (5%) floating over the commercial Base Rate charged from time to time by Bank of Hawaii for a period of not more than thirty-six (36) months for construction costs, costs of acquiring the land and other associated costs of this Project. To secure the loan, Developer shall grant to the Lender security interests covering the Developer's interest in the land and the Project, including the Property covered by the Agreement. Purchaser acknowledges and agrees that all security interests obtained by the Lender in connection with such loan as well as any extensions, renewals and modifications thereof shall be and remain at all times, until the final closing and delivery by Developer of an Apartment Deed to Purchaser, a lien or charge on the Project, including the Property covered by the Agreement, prior to and superior to any and all liens or charges on the Project arising from this Agreement or any prior agreement. THE PURCHASER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE AGREEMENT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OF THE SECURITY INTERESTS OF THE LENDER, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE OR OTHER CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF SAID LAND AND THE COSTS OF CONSTRUCTION AND OTHER COSTS DURING SUCH CONSTRUCTION AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL THE FINAL CLOSING AND DELIVERY BY DEVELOPER OF AN APARTMENT DEED TO PURCHASER.

4. No Rental Representations; No Rental Pool.

(a) Purchaser acknowledges that neither Developer nor any of its representatives has made any representation or reference as to rental of the apartment, income from the apartment or any other economic benefit to be derived from the rental of the apartment, including, but not limited to, any reference or representation to the effect that Developer or the Managing Agent of the Project will provide, directly or indirectly, any services relating to the rental of the apartment. It is understood and agreed that rental or other disposition of the apartment and the provisions of management services in connection

therewith is and shall be the sole responsibility of the Purchaser.

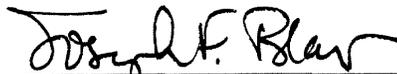
(b) Purchaser hereby agrees for the sole benefit of Developer that until Developer has closed out the sale of all apartments in the condominium project or until December 31, 1987, whichever shall first occur, that Purchaser will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or the Association under which Purchaser agrees to share expenses and/or rentals of apartments in the condominium project.

STATUS OF PROJECT: The Developer advises that it anticipates entering into a construction contract for construction of the Project by March 15, 1985 and therefore estimates that construction will commence on or about April 1, 1985 and be completed on or about March 31, 1986.

The purchaser and prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted June 4, 1982, and information subsequently submitted as of February 26, 1985.

This is a SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1503 filed with the Commission June 4, 1982.

This report when reproduced shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be pink in color.



G. A. "RED" MORRIS, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF FINANCE
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY OF MAUI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION No. 1503

March 8, 1985

EXHIBIT "A"

1. The Buildings. The residential apartments in the buildings are designated consecutively by letter starting from "A" and ending with "E".

2. Buildings.

Building A

<u>Apartment Unit</u>	<u>Unit Type</u>	<u>Net Floor Area</u>	<u>Lanai Area</u>	<u>% Interest</u>	<u>Parking Stall No.</u>
<u>Levels 1 & 2:</u>					
A-101	A	1,085	153	2.789	1
A-102	A	1,085	153	2.789	2
A-103	A	1,085	153	2.789	3
A-104	A	1,085	153	2.789	4

Building B

Level 1:

B-105	B	892	76	2.181	5
B-106	B	892	76	2.181	6

Level 2:

B-205	B	892	76	2.181	7
B-206	B	892	76	2.181	8

Building C

Level 1:

C-107	C-2	852	88	2.118	9
C-108	C-1	572	72	1.451	10
C-109	C-1	572	72	1.451	11
C-110	C-1	572	72	1.451	12
C-111	C-1	525	72	1.451	13
C-112	C-2	852	88	2.118	14

Level 2:

C-207	C-2	852	88	2.118	15
C-208	C-1	572	72	1.451	16
C-209	C-1	572	72	1.451	17
C-210	C-1	572	72	1.451	18
C-211	C-1	525	72	1.451	19
C-212	C-2	852	88	2.118	20

Level 3:

C-307	C-2	852	88	2.118	21
C-308	C-1	572	72	1.451	22
C-309	C-1	572	72	1.451	23
C-310	C-1	572	72	1.451	24
C-311	C-1	525	72	1.451	25
C-312	C-2	852	88	2.118	26

<u>Apartment Unit</u>	<u>Unit Type</u>	<u>Net Floor Area</u>	<u>Lanai Area</u>	<u>% Interest</u>	<u>Parking Stall No.</u>
<u>Level 4:</u>					
C-407	C-2	852	88	2.118	27
C-408	C-1	572	72	1.451	28
C-409	C-1	572	72	1.451	29
C-410	C-1	572	72	1.451	30
C-411	C-1	525	72	1.451	31
C-412	C-2	852	88	2.118	32
<u>Level 5:</u>					
C-507	C-2	852	88	2.118	33
C-508	C-1	572	72	1.451	34
C-509	C-1	572	72	1.451	35
C-510	C-1	572	72	1.451	36
C-511	C-1	525	72	1.451	37
C-512	C-2	852	88	2.118	38
<u>Level 6:</u>					
C-607	C-2	852	88	2.118	39
C-608	C-1	572	72	1.451	40
C-609	C-1	572	72	1.451	41
C-610	C-1	572	72	1.451	42
C-611	C-1	525	72	1.451	43
C-612	C-2	852	88	2.118	44
<u>Building D</u>					
<u>Level 1:</u>					
D-113	B	892	76	2.181	45
D-114	B	892	76	2.181	46
<u>Level 2:</u>					
D-213	B	892	76	2.181	47
D-214	B	892	76	2.181	48
<u>Building E</u>					
<u>Levels 1 & 2:</u>					
E-115	A	1,085	153	2.789	49
E-116	A	1,085	153	2.789	50
E-117	A	1,085	153	2.789	51
E-118	A	1,085	153	2.789	52

END OF EXHIBIT "A"

DISCLOSURE ABSTRACT
FOR
THE CASCADES AT KIHEI

1. (a) PROJECT: THE CASCADES AT KIHEI
515 Kihei Road
Kihei, Maui, Hawaii
Tax Map Key: 2nd 3-9-01:43
- (b) DEVELOPER: THE CASCADES DEVELOPMENT CO.
15772 Mitchell Street
Irvine, California 92714
Telephone No. (714) 863-0322
- (c) PROJECT MANAGEMENT: CHANEY, BROOKS & COMPANY
666 Front Street
Wailuku, Maui, Hawaii 96793
Telephone No. 667-9547

2. ESTIMATED ANNUAL MAINTENANCE FEES AND ESTIMATED MONTHLY COST PER APARTMENT: Attached is a breakdown of the estimated annual maintenance fees (Exhibit "A") and estimated monthly maintenance fees (Exhibit "B") for each of the 52 apartments prepared by the Project Manager for the Developer as of February 22, 1985. The maintenance assessments cover the "common expenses" (as defined in the By-Laws of the Association of Apartment Owners of Kihei Nalu).

Because the Association of Apartment Owners will be newly organized and will have no history of operations, the Developer can make no assurances regarding the estimated maintenance assessments. In addition, such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those contemplated by the Developer, cause the maintenance assessments to be greater or lesser than the estimated maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include the Purchaser's obligations for the payment of real property taxes. The actual amount of real property taxes for each apartment will not be assessed until after construction of the apartments is completed. Estimates of the real property taxes will be provided upon request.

NOTE: THE DEVELOPER ADVISES THAT THE COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH COSTS AND EXPENSES HAVE BEEN ACCURATELY ESTIMATED, THAT SUCH COSTS AND EXPENSES WILL TEND TO INCREASE WITH PRICE INCREASES AND THE INCREASED AGE OF THE FACILITIES.

3. WARRANTY covering apartments and common elements as contained in Sales Contract:

"Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the project will contain a clause similar to Section 13.2.2 of AIA Document A201 which provides in pertinent part that:

'If, within one year after the Date of Substantial Completion . . . , any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition.'

"Seller makes no warranties itself, but Seller agrees that the closing of the sale of the apartment described in Paragraph 'A' of the Sales Contract shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the General Contractor for the project, including the above-described Contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the Construction Contract for a period of one (1) year after the 'Date of Substantial Completion' of the apartment as defined in the Construction Contract and the benefit of such agreement shall accrue to Buyer on closing without further instruments or documents. Seller hereby agrees to cooperate with Buyer during the effective period of such agreement in asserting any claims based thereon. Buyer acknowledges and agrees that Seller is not adopting the contractor's warranty or acting as co-warrantor but is merely attempting to pass through to Buyer the benefit of any such contractor's warranty, if any.

The closing of the sale of the apartment shall also constitute the assignment by Seller to Buyer of the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment. Buyer acknowledges that the seller is only passing through to Buyer any such manufacturer's or dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered thereby. The terms of the manufacturer's or dealer's written warranties are available for the Buyer's examination at the Seller's sales office.

Except for the agreement set forth above, it is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE."

4. PERMITTED USES OF APARTMENTS:

All of the 52 apartments may be used only as a private residential or vacation dwelling for the owner, his family, tenants and social guests, and for such purposes which are compatible with the applicable zoning ordinances and the Declaration of Horizontal Property Regime. The apartments may be leased or rented to any persons on any long-term or short-term basis for such residential or vacation use, but the apartments may not be used as an office or any other commercial purpose. Actual apartment usage will be determined by the ultimate apartment purchasers and the Developer can give no assurances as to proposed numbers of apartments committed to specific uses. Purchasers should examine the Declaration of Horizontal Property Regime and By-Laws of the Association of Apartment Owners as to further use restrictions.

The project contains no commercial apartments.

PROPOSED OPERATING BUDGET

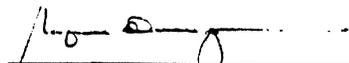
CASCADES
(52 Units)

<u>RECEIPTS</u>	<u>Monthly</u>	<u>Annually</u>	<u>Remarks</u>
Maintenance Fees	\$ 8,031	\$ 96,372	
TOTAL RECEIPTS	\$ 8,031	\$ 96,372	
 <u>DISBURSEMENTS</u>			
Audit & Tax Fees	\$ 67	\$ 804	
Insurance Package	1,125	13,500	
Insurance - Liability	125	1,500	Umbrella
Insurance - Other	93	1,116	84 Flood/TDI
Insurance - Medical	59	708	
Insurance - Workmen's Compensation	192	2,304	
Management & Accounting Services	850	10,200	
Misc. Project Office Expenses	50	600	
Refuse Service	150	1,800	
Maintenance & Repair - Elevator	260	3,120	
Maintenance & Repair - Other Equip.	50	600	
Maintenance & Repair - Pest Control	85	1,020	Qtrly Svc.
Payroll, Resident Manager	900	10,800	
Lodging, Resident Manager	650	7,800	
Supplies, Grounds	25	300	
Supplies, Janitorial	50	600	
Supplies, Pool	150	1,800	
Supplies, Electric & Lighting	25	300	
Supplies, Building & Other	100	1,200	
Taxes, Payroll	194	2,328	
Electricity	1,200	14,400	
Telephone	35	420	
Water/Sewer	1,246	14,952	
Other Disbursements	100	1,200	
SUBTOTAL DISBURSEMENTS	\$ 7,781	\$ 93,372	
TRANSFER TO RESERVES	\$ 250	\$ 3,000	
TOTAL DISBURSEMENTS	\$ 8,031	\$ 96,372	

The operating budget (prorated on a monthly basis) and the estimated monthly cost for each unit is for one year commencing February 1986. The information contained herein is based on data available to us at this time.

We certify that the monthly maintenance fee and the monthly operating costs have been based on generally accepted accounting principles.

February 22, 1985



Rafael L. Guanzon, CPM
Senior Vice President
Chaney, Brooks & Company

EXHIBIT A

EXHIBIT "B"

<u>APT. MODEL TYPE</u>	<u>APT. NO.</u>	<u>PERCENTAGE AND COMMON INTEREST</u>	<u>EST. MONTH- LY MAIN- TENANCE FEE PER APARTMENT</u>
"A": 1,238 sq. ft.	A-101, A-102, A-103, A-104, E-115, E-116, E-117, E-118	2.789	8 x \$ 223.98 per mo.
			SUBTOTAL: \$1,791.84
"B": 968 sq. ft.	B-105, B-106, B-205, B-206, D-113, D-114, D-213, D-214	2.181	8 x \$ 175.16 per mo.
			SUBTOTAL \$1,401.28
"C-1": 644 sq.ft.	C-108, C-109, C-110, C-111, C-208, C-209, C-210, C-211, C-308, C-309, C-310, C-311, C-408, C-409, C-410, C-411, C-508, C-509, C-510, C-511, C-608, C-609, C-610, C-611	1.451	24 x \$ 116.53 per mo.
			SUBTOTAL: \$2,796.72
"C-2": 940 sq. ft.	C-107, C-112, C-207, C-212, C-307, C-312, C-407, C-412, C-507, C-512, C-607, C-612	2.118	12 x \$ 170.10 per mo.
			SUBTOTAL: \$2,041.20
			TOTAL \$8,031.04